

There's Room at The Top

By Klaus Kneale

The best leaders aren't afraid to surround themselves with powerful people--even if those people might eventually pose a threat.

Dora Vell has seen the best and the worst in CEO power struggles as the CEO of **Vell Executive Search**. In 12 years as a headhunter, she's seen CEOs intentionally fill their top ranks with puppets, throw cellphones at top-quality interviewees and block succession plans. One CEO kept a potential successor at bay by rescheduling his job interview 14 times.

But the best leaders aren't afraid to surround themselves with powerful people-- even if they might eventually pose a threat. Smart CEOs should fight to hire the best talent available, and work hard to keep potential problems in line.

"CEOs are there to control their company. That's their job," says Brendan Wood, chairman at advisory firm Brendan Wood International (see "The Market's Best Managers"). And part of that job is hiring capable staff. There's generally a direct correlation between companies that have top-gun CEOs and top-gun CFOs, he says; one begets the other.

Still, some CEOs insist on treating their companies like a private fiefdom, refusing to share power or hand over the reins. Corey Torrence, currently CEO of Animax Entertainment, is a turnaround specialist, so he's seen a lot of companies go down in flames when their CEO refused to give up control. "Many CEOs are unwilling to accept that anyone else can do the job," he says--particularly owner-founder CEOs, who treat a company like their baby.

Isolating yourself and not relying on others is a big mistake, according to Torrence. "As a CEO, my job is to surround myself with smarter people," he says. Shareholders and boards should be on the lookout for CEOs who make every decision for an



In Pictures: How to Scare Away the Replacement CEO

Nobody wants to help hire their replacement. Corporate headhunter Dora Vell has seen CEOs use these tricks to scare away potential successors. Executives should use them with extreme caution: Even the most talented managers need to be surrounded with good help.

organization, and don't share power, creating a single point of failure.

Even worse, says Lynn Taylor, author of the new book *Tame Your Terrible Office Tyrant*, is when CEO territorialism spreads to the rest of the company. She recommends that CEOs try to stay humble and don't let success go to their head. Extreme territorialism usually develops over time as leaders achieve their personal and corporate goals. All that positive reinforcement can lead to a sense that you can do no wrong and always know what's best.

CEOs should also set clear boundaries and job descriptions in order to keep employees from having to feel out their territory or make power grabs. "In tough times, people will get more territorial. Everyone wants to stake their claim," says Taylor. This is especially true if layoffs may be just around the corner.

Of course, a good leader also knows when to seize control. Some companies, according to Taylor, go too far toward decentralizing power and lose any sense of leadership or direction. "They've diversified the company to the ground," she says. "Now people are scratching their heads wondering what the vision of the company is."

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Be Part of the Interview Circuit

Make sure you're involved in the highest level of hiring at your company--especially if the employee is in your line of succession. In interviews, you can interject seemingly innocent but damaging comments, learn a candidate's weaknesses and be a general nuisance to the process.

Make Friends at Executive Search Firms

If your company employs a search firm, you can easily lose control over the process. Generous promises of future business and a dinner or two with headhunters can get them on your side. Make a point to find friends at a search firm before your company needs one; presenting your board with an executive search firm already primed to help out (and in your pocket) keeps the situation under control.

Get the Upper Hand Early

Before a candidate walks in the door for an interview, do some research. Everyone has someone willing to say something bad about them--even if it's not true. Even the best job references may give up a weakness or negative

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anecdote when prodded. Save these tidbits for late in the interview process, when a single negative comment can swing things out of favor for the candidate;

Don't let the best be considered.

If you find yourself with a top-quality candidate who could walk right in and steal your job, do your best to keep them out of the interview process all together. There are plenty of people looking for jobs, so it should be easy to toss candidates on seemingly minor excuses. Trouble still? Find people that will give bad references. "Everyone has enemies--especially successful people," says Chief Executive Officer **Dora Vell**.

Reschedule Strong Candidates Repeatedly

Be the first point contact for candidates. Schedule and reschedule meetings with the best ones. Have a really good excuse (crisis meeting, "unexpected" client visit). Keep impeccable scheduling with all lower-quality candidates, so the board doesn't get someone else to be the first point of contact. This also makes it seem more likely that this rescheduling is just bad luck. A strong candidate will find another job or get frustrated and move on.

Show Off Your Worst

If despite your best efforts, a strong candidate is brought in for interviews and tours, it can help to put your worst foot forward. When the individual is getting acquainted with the organization, find reasons for them to meet rude, crude or incompetent employees. This may help drive a candidate to take position with a different company. If one of your managers is hot over a particular issue, (innocently) hit that button in front of the candidate. Even if the manager keeps his composure, the candidate may pick up on the tense moment.

Promote Not-So-Friendly Competition

One of the best ways to make candidates uncomfortable is to put them in the same room as other interviewees. You can turn up the heat further by closely scheduling candidates that know one another or come from the same company. Or when performing interviews, intentionally "mix up" details from other candidates, making them aware of each other.



Present a Stacked Deck

Most candidates don't want to waste their time if they think they don't have a chance. If you let slip that the relative of a board member is applying for the same job, or that the interview process is in some way mostly for show, many candidates won't come back. Be particularly careful about how and when you employ this tactic--revealing too many details of this sort can result in legal problems or an angry board.

Hire in One Dimension

When you do hire people into top spots, shoot for candidates with very singular skill sets. Having a CFO that only has experience in accounting will keep them off the succession plan. On the surface, you may say you're hiring younger, more innovative and idea driven talent. But in actuality, you're painting top executives into corners from which they can't escape. These individuals may be

hesitant to put their name up for succession, because they know they don't know the whole business.



Keep Succession Planning on the Back Burner

Sometimes the one thing that saves a CEO is that there's no clear succession plan in place--a fact that is rarely just a mistake. Discouraging such discussions keeps your board and top management from even imagining that someone else might one day run the company. They may not think you're infallible, but they can't think of a world where you aren't running things.

Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at dora@vell.com.